

POLICE FIRE CITIZEN'S TASK FORCE

June 24, 2009 – 6:00 p.m.

4th Floor Conference Room, Busch Municipal Building

PRESENT: Jerry Fenstermaker – Chairman, Lorenzo Baldwin, Mary Beth Daniels, Gordon Elliott, Carl Herd, Ken Homan, Bob Horton, Danny Hyde, James Jeffries, Bob Jones, Peggy Kubicek, David Trippe, Craig Wagoner, Lloyd Young

CITY COUNCIL MEMBERS:

CITY STAFF LIAISONS: Collin Quigley – Assistant City Manager, Dan Wichmer - City Attorney, Chief Lynn Rowe – Police, Sharon Smith - City Manager's Office

ABSENT: Jerry Harmison, Charles Munsey

Mr. Jerry Fenstermaker called meeting to order. Minutes from June 17 were reviewed by Committee. Mr. Bob Jones made a motion to accept minutes as is. Mr. Bob Horton seconded. Minutes approved.

Mr. Fenstermaker reviewed tonight's discussion items, as well as the calendar for the upcoming weeks.

Mr. Fenstermaker asked Mr. Dan Wichmer to give the Task Force his interpretation of the Omaha study (white paper) that Task Force members recently received. Mr. Wichmer discussed how they addressed dealing with benefits that have been earned and benefits that have been accrued. Mr. Fenstermaker encouraged all Task Force members to read the report, and if you need a copy, please contact Sharon Smith.

Mr. Bob Horton stated his group had been asked about alternative disability plans. Mr. Fenstermaker said Chad Munsey had requested a proposal from an insurance carrier to buy out the current disability. Mr. Fenstermaker said the insurance company that reviewed the plan stated they would not bid on it. They stated the program is so far along and there are so many in the program. They view the liability program going forward as immense.

Mr. Craig Wagoner discussed the two alternatives that were determined together by Team Two and Team Three for the following: Pension Board Restructuring.

Alternative #1 – 11-member Board –

3 Citizens, 1 City Council, 1 HR, 1 Finance, 2 Police, 2 Fire, 1 Retiree –
Chair elected by Board and serve 1 year term

Alternative #2 – 7-member Board –

5 Citizens, 1 Fire, 1 Police –

Citizen's will be appointed by City Manager and approved by City Council.

Board would hire own independent legal counsel
At least one staff serve as non-voting liaison between Board and City.
Board has power to hire a Director for daily duties.

Mr. Lloyd Young made a motion to go forward with Alternative #1 and Alternative #2 for recommendation. Mr. Ken Homan seconded. **Approved with a vote of (13 Yes and 0 No).**

Mr. Wagoner reviewed Team Three issues, along with the alternatives and the pros and cons for each alternative as follows:

- Police and Fire employee benefit plan for new hires.
- Unfunded liability of existing plan (Tier 1 and Tier 2)

Mr. Danny Hyde reviewed Team One issues, along with the alternatives and the pros and cons for each alternative as follows:

- Converting City Utilities into a publically held corporation.
- “Sacred cows” the Task Force needs to be aware of.
- Task Force should look into comparisons of benefit plans for police and fire for other cities, sizeable to Springfield
- Trust and distrust within the City’s constituents
- Find a “passable” solution to the pension issue

Mr. Bob Jones reviewed a handout he prepared – The Proposal To Reduce Benefits by Changing Form”. He also reviewed Council Bill 2009-079, which states the duties of the Police Fire Pension Fund Citizens’ Task Force. Copies were provided to Sharon Smith, who will scan and email to the Task Force members.

Mr. Wichmer clarified the issue of adding vacation accrual to final salary. Final salary does not include sick leave. At one time, City policy allowed unlimited sick leave that the employee could buy back, but was not factored into the final salary. Currently, policy has a sick leave cap, and the employee does not have an option to sell back.

Mr. Wichmer also reviewed the question of current Tier 2 employees. At Mr. Wichmer’s request, Mr. Scott Steck, SPOA Vice President, presented the question again: “If Tier 2 employees are terminated and then rehired under LAGERS, how does the employee get credit for the years of service? LAGERS will allow one to buy previous service, but who will pay – what percentage will City pay and what percentage will employee pay?” Mr. Wichmer stated this is still an issue that has yet to be resolved.

Mr. Wichmer stated City Council will have an ordinance brought before them at the June 29 Council meeting which will allow Police Fire Pension Board of Trustees to independently hire an attorney for the Board. Mr. Wichmer stated this will not affect the Task Force or their charge.

Mr. Jones stated he thinks the benefit discussion is out of order and is not part of the Task Force’s charge. Mr. Fenstermaker stated as Chairman, he disagrees and will overrule the request and would like to proceed.

Team Two and Team Three presented the following proposal:

Alternative #1 - New employees will be incorporated into the LAGERS system as previously studied by the City, and Tier 2 employees may voluntarily transition into the LAGERS system.

Alternative #2 - New employees will be enrolled in a Social Security or some other defined benefit plan if Social Security is not available and have a defined contribution plan to provide for additional retirement income.

After discussion of the two alternatives and how to incorporate the Task Force's research on a Defined Contribution Plan into the presentation, the following members will review and provide further information: Kubicek, Hyde, Trippe, Homan, Wagoner.

Mr. Fenstermaker asked for a motion to accept these two alternatives, subject to an adequate presentation that will include the Defined Contribution Plan information review.

Mr. Horton made a motion to accept proposal. Mr. Trippe seconded. **Approved with a vote of (12 Yes and 1 No).**

The three sub-committee Team Leaders shared the various funding issues discussed within their group to review: Future Telecom Settlements, CIP Tax, Bankruptcy, and Annuities.

Mr. Carl Herd shared his idea of a multi-approach method to the pension fund issue. Mr. Herd suggested the pension fund members contribute more, since ultimately they own the problem. He believes the City should fund the shortfall, and requests all telephone tax settlements and city-owned property that can be sold be placed in the pension fund. He would like to see the least possible tax rate possible for citizens, even if it takes several years. He also stated he would contribute \$100 per month towards the pension system and would like to see the City look for other donations from the community.

Mr. Fenstermaker stated he does not believe the Task Force has a broad enough list of ideas for the funding sources at this time. The group discussed in detail what key points they will need to have the public's support.

Mr. Herd stated the last time that voters voted on the pension plan September 9, 1958. He has a list of 11 council bills and dates that pertained to the pension plan. He would like to get a legal opinion (outside the City's legal department) to determine if these additional council bills are legal since they were not voted on by the people.

Meeting adjourned at 8:15 p.m.